

EXHIBIT 2

Page 1

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

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4 :
5 IN THE MATTER OF :
6 UNITED STATES OF AMERICA, :
7 Plaintiff, :
8 v. : Case No.
9 THE M/Y AMADEA, A MOTOR YACHT : 1:23-cv-09304
10 BEARING INTERNATIONAL MARITIME :
11 ORGANIZATION NO. 1012531, :
12 INCLUDING ALL FIXTURES, :
13 FITTINGS, MANUALS, STOCKS, :
14 STORES, INVENTORIES, AND EACH :
15 LIFEBOAT, TENDER, AND OTHER :
16 APPURTEANCE THERETO, :
17 Defendant-In-Rem, :
18 and :
19 EDUARD YURIEVICH KHUDAINATOV, :
20 MILLEMARIN INVESTMENTS LTD., :
21 Claimants, :
22 Friday,
23 November 8, 2024
24 Washington, D.C.

Page 36

1 now that we've found it, you discuss this affair
2 in paragraph 20 of your report, by the way?

3 A Yes.

4 Q Okay. So, just, the first question
5 is, the top article on Exhibit 3, is this the
6 source that you cite at footnote six?

7 A Yes. And you can see here, it's
8 essentially one sentence, the top one at page
9 225. Pichugin remains incarcerated to this date,
10 not record that by the memory of human rights and
11 is Russia's longest serving political prisoner.

12 Q Okay. So, --

13 A And that is the only point I take from
14 this article.

15 Q So --

16 A It's very reality.

17 MR. SOHN: And I'll note, for the
18 record, it's not footnote six as represented by
19 Mr. Landy. It's footnote nine.

20 MR. LANDY: Oh. Mr. Landy needs new
21 glasses. All right. So, let's just look at this
22 then, if you go up and you see footnote nine, and
23 you go to the beginning of the sentence where
24 that footnote is.

25 It says in June 2007, Mr. Khudainatov

Page 37

1 testified against the head of security of Yukos,
2 Alex Pichugin, who sits in jail and is considered
3 Russia's longest serving prisoner.

4 Do you see that?

5 THE WITNESS: Yes.

6 BY MR. LANDY:

7 Q So, the first thing is, this -- did
8 this occur in 2007 or 2003?

9 A I have a feeling that it was in 2005.
10 Unfortunately, if I've got that, I got it wrong,
11 because -- and I'm hesitant about the date here.

12 Q And then, the second question is, does
13 the article or the cited opinion, state anything
14 about Mr. Khudainatov?

15 The first article in Exhibit 3?

16 A No. No.

17 Q Okay. So, where does that information
18 come from?

19 A This information came from something
20 that I did not find sufficient, so that I cited
21 it. So, this right here should, it is a right
22 sentence, that the date and that he testified
23 against Pichugin.

24 The first phrase here is not
25 sufficiently evidenced.

Page 38

1 Q Right. So, that's -- we'll dig into
2 that a little. Why don't you take a look at what
3 we have marked as Exhibit 4.

4 A Mm-hmm.

5 Q Okay. You see this is an article by
6 Reuters from 2010?

7 A Mm-hmm.

8 Q Okay. And would you consider Reuters
9 to be a reliable source?

10 A No, not at all. They have a close
11 cooperation with TASS. And so they are in
12 large not reliable.

13 Q All right.

14 A And here you're seeing, for example,
15 he was the deputy mayor of Nefteyugansk, when we
16 have just established that he was not. So, this
17 is an incorrect statement we can immediately
18 establish.

19 Q So, why do you think he was not a
20 deputy mayor of Nefteyugansk?

21 A We have already discussed that, that
22 he was -- that we already, it's first deputy head
23 of the administration of Nefteyugansk Raion,
24 which is not mayor, deputy mayor.

25 It's an incorrect statement. Not very

Page 39

1 important. But, it shows a lack of precision.

2 Q Right. What I'm interested in is the
3 last bullet point on the first page. I'm reading
4 it for the record.

5 He testified for the defense at the
6 trial of Alexei Pichugin, the Yukos security
7 service employee who, employee convicted of
8 organizing the murder of the mayor, according to
9 Mr. Pichugin's website.

10 A Yes. I find it very dubious.

11 Q At Mr. Pichugin's website?

12 A Yes, sir. It's that you can easily
13 set up a website. This is nothing that I would
14 use as a source.

15 And nor would I use Reuters as a
16 source.

17 Q Okay. Let's go, I've gotten that
18 website.

19 A Mm-hmm.

20 Q So, that is the second portion of
21 Exhibit 3. And why don't you go through it. You
22 don't have to read it in detail. You can if you
23 wish, but it's long.

24 I'm only really going to talk to you
25 about this particular point. But, you know, what

Page 40

1 I'm -- my first question is really going to be,
2 is whether this -- the story told in this website
3 is kind of the story that you understand to be
4 what happened with Mr. Pichugin.

5 A First of all, I would not go into the
6 detail. Second, I know that it's extremely
7 controversial. And there's a lot of spurious
8 evidence from both sides.

9 So, I don't have a clear view about
10 it. And I intentionally stay out of having a
11 clear view.

12 But, the only thing here was that I
13 found certain evidence that Khudainatov had been
14 on the side of Sechin. And that they have gotten
15 in touch positively on this.

16 Q Yeah. Who is there --

17 A I don't think --

18 Q Where does it come from?

19 A I got that from some evidence. But,
20 I did not find sufficiently strong, is what I
21 cited it.

22 Q Okay.

23 A So, therefore, I think, that I should
24 cut that out, the first phrase.

25 Q All right. I'll not belabor the

Page 41

1 point.

2 A Yes. So, but the Pichugin drama is
3 very complicated. And it's not a sector that I
4 would.

5 Q All right. So, you will say that the
6 final sentence of paragraph 20, presumably this
7 helps explain Mr. Sechin's uncommonly close
8 friendship with Mr. Khudainatov.

9 Are you still -- you're not going to
10 stand by that particular conclusion having now
11 said you can't --

12 A Yes, sir.

13 Q Let me finish the sentence, since you
14 --

15 A Yeah, I --

16 Q Since you can't be sure that he
17 actually testified on that side.

18 A I think, very particularly that I
19 don't have something simply strong evidence for
20 paragraph 20.

21 Q Okay. So, --

22 A So, this, I think, was a mistake to
23 include.

24 Q All right. Let's move on. All right.
25 Now, just to be clear, staying on paragraph 20,

Page 54

1 very powerful, it means that he has all the
2 decisions have to be cleared with Putin.

3 Timchenko would not clear decisions.

4 Q How wealthy would you estimate Mr.
5 Sechin to have been around the time that he
6 departed the government and took over Rosneft?

7 A Very difficult to say. It's much more
8 difficult with people who are not supposed to
9 have wealth, that is state employees, how much
10 they actually own.

11 And then, if you take a person like
12 Timchenko, who has a fortune and somewhere of \$20
13 billion, of course, he owns companies. We can
14 see which companies he owns and how much they are
15 worth on the open market.

16 But, when Sechin attacked Rosneft in
17 some way, we can see his yacht and we can see his
18 palaces. But, we cannot see his wallet.

19 So, I simply don't have any clear view
20 of how much it was. And but --

21 MR. LANDY: This might expand on it.
22 Let's take a look at what I've marked as Exhibit
23 6, which is an article from the BBC.

24 (Whereupon, the above-referred to
25 document was marked for identification as Exhibit

Page 55

1 No. 6 for identification.)

2 THE WITNESS: So, the key point here
3 Igor Sechin, his wealth is --

4 MR. LANDY: Well, hold on. Let me
5 just get -- let me ask a question before that.
6 And I'm going to that.

7 THE WITNESS: Yes.

8 BY MR. LANDY:

9 Q My first question, Professor, is: do
10 you consider the BBC a reliable source of
11 information?

12 A And, yes.

13 Q Okay. And, as you were about to note,
14 you see here that it says that both the -- it
15 notes the net worth of multiple people.

16 But, with respect to Igor Sechin and
17 Alexei Miller, it says that their wealth is
18 unknown. Do you see that?

19 A Yes.

20 MR. SOHN: Objection to form.

21 MR. LANDY: Hum?

22 MR. SOHN: I said objection to form.

23 MR. LANDY: I thought you said
24 objection, it doesn't. So, sorry. Net worth
25 unknown. Okay.

Page 56

1 So, who is Alexei Miller?

2 THE WITNESS: The CEO of Gazprom.

3 Since the second parts were made in 2001.

4 BY MR. LANDY:

5 Q And Gazprom, is it one of the largest
6 companies in Russia?

7 A It used to be the largest. Probably
8 not any longer.

9 Q Is it your opinion that Mr. Sechin is
10 likely not a billionaire?

11 A I would presume that he's a
12 billionaire.

13 Q Does he have --

14 A I don't have any clear view of his net
15 worth.

16 Q Okay. Is it your opinion that Mr.
17 Miller is likely not a billionaire?

18 A I would presume that he's a
19 billionaire. He has a big palace for himself
20 assessed at \$300 million.

21 Q Do you agree that it's somewhat common
22 in Russia for super wealthy people to avoid
23 publicity regarding their wealth?

24 Not necessarily every person, but
25 common?

1 A Well, it has become, for a very long
2 time the commissars, their wealth to an
3 extraordinary extent. If you look up rich people
4 in various countries, it's very different how
5 much they advertise their wealth.

6 And what has been striking in Russia
7 is that the rich people have advertised their
8 wealth far more than groups anywhere else.

9 Q Is this the -- all right. So, let's
10 go to the Forbes list. We'll mark this as
11 Exhibit 7.

12 And this Professor, is a document
13 where I have the English in front and the Russian
14 behind. But, the English is simply a machine
15 translation.

16 But, given that it's, there's not much
17 text there, I'm going too hopefully, if you have
18 something you want to confirm, just flip to the
19 back. Here is 7.

20 (Whereupon, the above-referred to
21 document was marked for identification as Exhibit
22 No. 7 for identification.)

23 THE WITNESS: Thank you.

24 MR. LANDY: All right. First, this is
25 a definitional question, because I could use the

1 machine translation.

2 For each entry here, after a number
3 you'll see the Cyrillic MLN. Do you understand
4 that to mean millions?

5 THE WITNESS: Yes.

6 BY MR. LANDY:

7 Q All right. So, for number one, Andrey
8 Melnichenko, that would be \$25,200,000,000?

9 A Mm-hmm.

10 Q Okay. Well, sorry, nod please say
11 yes.

12 A Yes.

13 Q All right. Now, there's a lot of
14 people on this list, so I might have missed.
15 But, did you see Mr. Sechin on the list?

16 A No.

17 Q Okay. Did you see Alexei Miller on
18 the list?

19 A No.

20 Q How about Andrey Kostin?

21 A No.

22 Q Who is Andrey Kostin?

23 A The long time CEO of VTB.

24 Q Okay. Is it your opinion that you
25 believe him not to be a billionaire?

1 A I would presume that he's a
2 **billionaire.**

3 Q All right. Do you see Herman Gref.

4 A No.

5 Q And who is Herman Gref?

6 A The long time CEO of Sberbank.

7 Q Would you presume him not to be a
8 **billionaire?**

9 A No. I would presume that he's a
10 **billionaire.**

11 Q How about Alexey Likhachev?

12 A Yeah. That I don't know.

13 Q Cross that one.

14 A Mm-hmm.

15 Q So, pull that.

16 A But, the general feature here is that
17 the state enterprise managers, if any, have a
18 need to hide their wealth.

19 Q Mm-hmm.

20 A While they're, the people here are
21 essentially will not hide the businessmen, who
22 have been or own enterprises.

23 So, this is the difference. Nor do we
24 have any security officials here. Where I would
25 presume that some are also billionaires.

Page 60

1 Q Was Mr. Khudainatov not a, part of the
2 state enterprise for three years?

3 A Well then, but then he has been in the
4 private sector for a very long time.

5 Q Okay.

6 A People in the private sector are
7 normally ranked by Forbes, while state enterprise
8 managers are not, as we have just noticed.

9 Q I intend to drill down on that a
10 little bit more. If you turn in your book, so
11 for that we'll use Exhibit 5 to page 156, I
12 believe. Six, yes.

13 First full paragraph discusses Forbes.
14 This one I'll just read into the record. Since
15 the early 2000s, Russian Forbes has maintained a
16 standard rich list of the wealthiest Russians.

17 A Mm-hmm.

18 Q Russia has about 100 official
19 billionaires, which is a lot. But the real
20 numbers are probably higher. Forbes can
21 presumably capture the wealth of the old Yeltsin
22 oligarchs from the 1990s rather well, since it is
23 publicly displayed, but hardly the hidden wealth
24 of the later Putin cronies.

25 All right. Do you still consider that

Page 61

1 to be a correct statement?

2 A Yes.

3 Q All right.

4 A It's in the line, I should add here
5 that we have some of the new business men, but
6 there are not many. If you take Sechin are not
7 in for example, but I took the new billionaire
8 have done actual business.

9 But, it's strikingly how few they are.
10 Most of these people on the Forbes list are, were
11 very wealthy businessmen already under Putin.

12 Q Yeah. In the 1990s.

13 A Yes.

14 Q Okay. So, I've asked you this before,
15 but maybe I didn't understand the answer.
16 There's a bit of a difference between the
17 information available about the older oligarchs
18 and those who have gained wealth from say
19 2004/2005 onward.

20 Is that correct?

21 A I wouldn't say so, it's the difference
22 between if you have, as I think I said before,
23 certain people have a need to hide their wealth,
24 state enterprise officials and state enterprise
25 managers.

1 And there the Forbes assessment is not
2 very clear or valid. But, and there you have
3 organized criminals who fully note that wealth,
4 while there is the other organized criminals here
5 who were, has most often become real businessmen.

6 They are the very few. So, the real
7 businessmen who have come up later on. I mean,
8 but that shows he is very outstanding, him and
9 his outstanding group, they are on the list.

10 Q So, you'd agree that not appearing on
11 the Forbes list of billionaires is by no means a
12 dispositive indication that you are not a
13 billionaire?

14 A I would, yes. But, I would then check
15 is it a person who has an actual enterprise. And
16 if you have an actual enterprise and are not on
17 the list, then you are not likely to be a
18 billionaire.

19 Q All right. But, --

20 A In the Russian business.

21 Q But, the controllers of the state
22 enterprises would not be on the list, because --

23 A Yes.

24 Q There are reasons for them not to want
25 to be there.

Page 63

1 A Yes.

2 Q All right. And so, you can figure out
3 how wealthy they are only by looking at say,
4 yachts and palaces.

5 MR. SOHN: Objection to form.

6 MR. LANDY: I'm talking about the
7 controllers of the state enterprises that aren't
8 on that list. It's just prior testimony, but I
9 want to confirm it.

10 THE WITNESS: Well, you can't see not
11 how wealthy they are all together. But, you can
12 see that they are all very wealthy if they have
13 yachts and palaces that are worth more than \$1
14 billion.

15 This is a case with mis-deception.
16 And I'm not quite sure about Alexei Miller, but
17 he's probably out there.

18 BY MR. LANDY:

19 Q I'm sorry, you're not quite sure about
20 Alexei Miller?

21 A Yeah, Alexei Miller, yes.

22 Q Okay.

23 A I mean he seems to be there, with
24 others outstanding.

25 Q Looking at your commentary on page 155

Page 64

1 of your book, which is page four, would you agree
2 that there are forms of wealth accumulation
3 available to certain people, wealthy people in
4 the Russian Federation that are difficult to
5 track?

6 A For certain.

7 Q I'm sorry?

8 A Yes.

9 Q Okay. Let's just flip back, and I'm
10 going to go to page 45. I'm really not trying to
11 act like a washing machine that's going backwards
12 and forward here. It's just how it came out.

13 The page 45, the second to last full
14 paragraph, so what is this, the Putin circle from
15 St. Petersburg?

16 Can you describe this for us?

17 A Yes. It's some people who work with
18 him in the mayor's office. And there we have
19 Dmitry Medvedev and now that he's the head of
20 security council.

21 Alexei Kudrin, who was for a long time
22 the minister of finance. He's not very wealthy.
23 I know him well.

24 Herman Gref, the head of Sberbank now.

25 And he is probably very wealthy. And he does

Page 96

1 is a genius. During the debate with Harris, he
2 refused to say that he wanted Ukraine to win.
3 So, this makes him very close to Russia. And
4 normally we talk about Russian assets as distinct
5 from Russian agents.

6 BY MR. LANDY:

7 Q Okay, what degrees do you hold?

8 A I have a (foreign language spoken),
9 which is a master's degree in economics from the
10 Stockholm School of Economics, a BA from the
11 University of Stockholm in Russian history and
12 Polish, and I have a DPhil from Oxford.

13 Q I'm sorry, what from Oxford?

14 A DPhil. A PhD from Oxford.

15 Q In what subject?

16 A Economic history, modern economic
17 history.

18 Q All right, do you hold any
19 professional certifications?

20 A I don't think so.

21 Q Have you ever studied accounting?

22 A Yes.

23 Q How?

24 A As part of the Stockholm School of
25 Economics courses. It's a substantial part of

1 accounting.

2 Q Have you ever worked as an accountant?

3 A No.

4 Q Have you ever studied auditing?

5 A Not directly, but of course there is
6 text that I've been involved in.

7 Q You've been in positions to read
8 auditing reports of companies?

9 A Yeah, there being -- I've served on
10 four corporate boards, and I'm being on the
11 auditing committee on these boards. Sorry, I'm
12 speaking too softly.

13 Q Have you ever been asked to perform a
14 valuation of a company?

15 A Yes, I worked for four years on the
16 board of Vostok Nafta, a Swedish Company that
17 only invested in energy assets in Russia. I was
18 also in another related company, (foreign
19 language spoken) for two years, which also
20 invested in energy assets in Russia.

21 And I've served for four and a half
22 years on Bank Dnipro, a Ukrainian private bank.

23 And I served for two and a half years on the
24 Board of Ukrzaliznytsia, the Ukrainian State
25 Railways mining company with 250,000 employees.

Page 98

1 And I was on the audit committee there.

2 Q In those roles did you conduct
3 valuations, or review them?

4 A Review.

5 Q Have you ever taught a class in
6 valuation?

7 A No.

8 Q Have you ever taught a class in
9 auditing?

10 A No.

11 Q How about accounting?

12 A No.

13 Q So, in your report, Exhibit No. 1,
14 let's look at paragraph 40. And in that
15 paragraph you're discussing a Deloitte valuation
16 of NNK dated June 30th, 2015.

17 A Correct.

18 MR. SOHN: I'm sorry, Rob, what
19 paragraph did you just say?

20 MR. LANDY: It's 40, page 50.

21 BY MR. LANDY:

22 Q And there you say that the Deloitte
23 valuation of NNK of \$8.6 billion is implausible
24 for four reasons, am I correct?

25 A Yes.

1 Q All right, let's go through them one
2 at a time. The first one is Mr. Khudainatov
3 could possibly have earned that much money. I'm
4 trying to figure out how that's not a circular --
5 he doesn't have the money because he doesn't have
6 the money. Isn't that a circular statement? It
7 couldn't be \$8.6 billion because he couldn't have
8 earned it.

9 A I mean, he must have gotten the money
10 in some way, and he made the purchase just
11 before, and if this would have been an accurate
12 valuation, which it's not, he would have had to
13 pay a certain amount of money to get it. He
14 doesn't have the money, he can't get this, it
15 just shows that it's an impossibility.

16 Q So, because he didn't have the money
17 to buy it, he didn't?

18 A Yeah. If you don't have any money,
19 you don't become a billionaire all of a sudden.

20 (Simultaneous speaking.)

21 MR. LANDY: Different question.

22 BY MR. LANDY:

23 Q Are you familiar with the company
24 Deloitte?

25 A Yes, very much so.

Page 100

1 Q Okay, and what is that company?

2 A It's one of the many cheating auditing
3 companies. You can read every day in Financial
4 Times about auditing companies have been
5 cheating. So, when it comes to auditing
6 companies you need to know what question are they
7 answering, and that's what I'm checking here.

8 Q So, it's your opinion that in 2015,
9 were Deloitte audits of companies in the Russian
10 Federation not reliable?

11 A I have seen too many dubious cases of
12 this working in Russia and Ukraine. For example,
13 Gazprom was steadily audited by KPMG, and never
14 saw that \$10 to \$15 billion was tapped from that
15 company by Putin -- was tapped from that company.
16 So the auditing companies, all the time, I mean
17 read the newspapers, any serious newspaper like
18 Financial Times, you can read literally every day
19 about mistakes that have been undertaken by the
20 auditing companies.

21 Q Your second reason is that starting in
22 2013 Russian oil assets were declining in value,
23 not rising. Is that something -- is that pegged
24 to the price of oil, or different from the price
25 of oil?

Page 150

1 And then the youngest sibling, Alisa
2 Gadzhieva, is born in 1987, she has some
3 restaurants in Moscow. And this is her business,
4 and a person with a few restaurants in Moscow
5 would handle 225 billion euros, that's more than
6 \$216 million, for some bizarre loan is quite
7 incredible.

8 Q You said 225 billion, I think you
9 meant 225 million?

10 A 225 million, sorry.

11 Q Do you have an understanding of how
12 the Kerimov family manages its wealth?

13 A Yes, but it's Suleyman Kerimov that
14 handles money to his three kids, and the three
15 kids of his sister, for some reason his brother I
16 have not seen any evidence that he's involved in
17 the family business. He stays in Dagestan.

18 Q Do you have an understanding of how
19 they legally structure the wealth?

20 A I mean, they always do it through a
21 lot of shell companies.

22 Q Okay, so do you believe it is
23 impossible that Ms. Gadzhieva was given, in a
24 legal manner, enough money to have done that,
25 notwithstanding the fact that she didn't make it

Page 151

1 from her restaurants?

2 A A legal manner, it's a loan to
3 transfer money to her, I mean it cannot be that
4 she has earned it. Capital management by Mr.
5 Kerimov.

6 Q Well, that's not -- I'm not asking
7 whether she has earned the money from running
8 restaurants, I won't assume that the restaurants
9 are even profitable.

10 A I think they are.

11 Q Really?

12 A Yes.

13 Q They're often vanity projects. The
14 question is whether your statement, you do not
15 believe that the Kerimov family could have
16 structured their assets such that Ms. Gadzhieva
17 would in fact have \$225 million to spend, if she
18 wanted?

19 A No.

20 Q It just simply wouldn't have happened?

21 A I don't think so.

22 Q Let's go back to just exhibit -- an
23 earlier one, it's Exhibit 7, and look at page 2,
24 we'll use the English. You'll see that there's a
25 number of people here starting with Mr.